



**Final Report  
to the  
Governor and Maryland General Assembly  
by the  
Local and Regional Transportation Funding Task Force**

**Chairman, Matthew D. Gallagher**

**December 15, 2013**

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December 15, 2013

The Honorable Martin O'Malley  
Governor of Maryland  
State House  
Annapolis MD 21404-1991

The Honorable Thomas V. "Mike" Miller, Jr.  
President, Maryland Senate  
State House, H-107  
Annapolis MD 21401-1991

The Honorable Michael E. Busch  
Speaker, Maryland House of Delegates  
State House, H-101  
Annapolis MD 21401-1991

Dear Governor O'Malley, President Miller and Speaker Busch:

In accordance with language set forth in the Transportation Infrastructure Investment Act of 2013 (Chapter 429, Acts of 2013), I respectfully submit the Final Report of the Local and Regional Transportation Funding Task Force (Task Force). The statute directs:

*The Task Force shall study and make recommendations on the feasibility of creating regional transit financing entities and local-option transportation revenues for the purpose of raising additional funds to support regional and local transportation system needs throughout the State.*

*On or before December 15, 2013, the Task Force shall report its findings and recommendations to the Governor and, in accordance with § 2-1246 of the State Government Article, the General Assembly.*

## Context

The State and local governments share the responsibility for providing transportation services and facilities in Maryland. Local governments have the responsibility for constructing and maintaining local transportation systems throughout the State. Local transportation is vital to getting people to and from jobs, school, and daily activities; local community vitality; and the State's economic prosperity. Maryland localities own approximately 83 percent of public road miles, ranking Maryland 24th nationally.<sup>1</sup> Maryland local roads carry 28 percent of the vehicle miles of travel Statewide, while State-owned roadways carry 72 percent of the vehicle miles of travel.<sup>2</sup> Also,

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<sup>1</sup> Federal Highway Administration Highway Statistics, Table HM-10, December 2012.

<sup>2</sup> 2012 Maryland State Highway Administration Mobility Report, page II-4, July 2012.

Maryland is one of the few states that owns and operates a transit system and is unique regarding the amount of State investment in transit.

In Fiscal Year 2012, local governments in Maryland spent \$1.06 billion on transportation services, which represented just under five percent of total local government expenditures. At the county level, transportation expenditures totaled \$911 million. At the municipal level, transportation expenditures totaled approximately \$149 million. Local transportation spending comprises just under 20 percent of total transportation spending in Fiscal Year 2012, with State (\$3.30 billion) and federal (\$1.04 billion) funds covering the other 80 percent for a total \$5.40 billion Statewide.<sup>3</sup>

To assist in funding local transportation services and facilities, local governments have received local Highway User Revenues (HUR). This statutory requirement has been a highly successful example of cooperation between the State and the local governments. This mechanism has been in operation since the mid 1900's. By law, a portion of Transportation Trust Fund (TTF) revenues is allocated among the State and local jurisdictions by way of the Gasoline and Motor Vehicle Revenue Account (GMVRA). The GMVRA consists of portions of the motor fuel, titling, and corporate income taxes and vehicle registration fees. Funds credited to this account are known as Highway User Revenues.

In the past, the local share of HUR had been 30 percent of total available HUR funds. However, as part of the State's response to the recession, various categories of State assistance to local governments were restructured, including local highway aid. Consequently, the local share of HUR was significantly reduced and currently is set at 9.6 percent (estimated at \$166 million in Fiscal Year 2014), with Baltimore City receiving 7.7 percent, counties 1.5 percent, and municipalities 0.4 percent, of the GMVRA. Restoring support to local transportation infrastructure would benefit local systems within the Statewide transportation network, but any efforts to do so must be compatible with the ability of the State to suitably invest in the State's responsibility for the Statewide infrastructure.

### **Task Force Findings**

First and foremost, the Task Force observes that the State of Maryland has a unique strength relative to peer states in its coordinated approach to transportation infrastructure funding. Both the Task Force and representatives of local government who appeared before the Task Force at public meetings noted that Maryland's more centralized approach has served the State well in terms of a multi-modal system focus, the extent of transportation investment, and the efficiency and effectiveness of that investment. This strength should be preserved moving forward.

The Task Force recognizes that the HUR account has benefits specifically to the counties and municipalities that use HUR to support the maintenance and operations of their locally-owned transportation infrastructure. Additionally, local governments have local revenue options that are available to them, including but not limited to property tax and income tax capacity for maintenance and operations, as well as project-specific funding techniques such as the use of value capture mechanisms for capital improvements.

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<sup>3</sup> Based on data provided by the Department of Legislative Services to the Task Force, October 2, 2013.

In the course of our deliberations, the Task Force invited local government representatives to bring forward potential additional funding options that are not currently available to them, but that they would find particularly helpful. In response to this request, the Maryland Association of Counties (MACo) made two suggestions, in addition to an appeal for a return of HUR funding: (1) for localities to share in additional revenues raised through indexing the gasoline tax; and (2) for the State to provide an exemption from the State motor fuel tax to localities for their vehicle fleets, estimated to save counties approximately \$7 million annually. The Maryland Municipal League (MML) also made an appeal for a return of HUR funding in response to the Task Force's request for input. It was later noted that Baltimore City constructs and maintains all roads within the City, except I-95, I-895, I-395, and a small portion of I-695 west of the Key Bridge, and thus receives a disproportionate allocation from the local share of HUR. Even so, the reduction in the City's allocation has made it difficult for the City to adequately maintain major highways and roads as well as local streets.

With this general context in mind, the Task Force believes there is opportunity to expand the options available to counties and municipalities to facilitate increased investment in locally-owned transportation assets. The Task Force also recognizes there are different needs in different parts of the State, and that there is value in preserving and providing as many options as possible in order to maximize flexibility. Further, the Task Force recognizes that some jurisdictions have more challenges than others to raise sufficient revenue relative to the investment required to meet basic needs. This situation is due in large part to the limited revenue yield achievable from existing and potential revenue mechanisms based on the smaller tax bases in some jurisdictions. The Task Force also notes that municipalities have very limited revenue-raising authority under current state law.

### **Recommendations Regarding Potential Regional Financing Entities**

The Task Force carefully considered the potential role of regional financing entities to enhance transit and broader transportation investment at the local and regional level. The Task Force recognizes that regional financing entities, commonly referred to as Regional Transportation Authorities or Regional Transit Authorities (RTAs), have the potential to be a valuable option for local governments to develop and fund regional transportation projects or transit operations. The Task Force further recognizes that such regional entities bring with them a host of complex issues that must be considered and addressed for their success.

The Task Force evaluated RTAs in other parts of the country and considered which characteristics made for a successful RTA as well as what underlying conditions necessitated their creation. This report outlines some of these common characteristics and compares circumstances to those in the State of Maryland, with its unique state-administered multi-modal transportation system. The Task Force agreed on some of the key issues that would need to be addressed by the General Assembly and localities to avail themselves of potential regional approaches if the General Assembly were to decide an RTA option is something that would be valuable to promote certain regionally-based transportation projects. These key issues include:

- governance;
- funding sources and taxing authority;

- participation options;
- services provided by the authority (e.g. light rail, buses); and
- transportation functions provided by the authority (e.g. planning, construction, operations and maintenance, fee collection).

These issues are complex and will require a great deal of consideration. The Task Force believes that for regional financing entities to be beneficial relative to the financing approaches in place today, the desire to utilize them must come from the localities themselves. Thus, the General Assembly may wish to consider encouraging localities to come forward with such requests and input. That said, the Task Force also believes that consideration of any regional approaches should pay proper attention to the long-experienced benefits of Maryland's more centralized transportation investment structure and the vital coordinating role played by Maryland Department of Transportation (MDOT) in the State's integrated transportation network. Local efforts to move RTAs forward should not undermine the benefits and efficiencies of the unified transportation program currently in place.

The Task Force believes the RTA concept should remain an option for future consideration as specific regional transportation investments are identified and finance plans assembled. The Task Force also recommends that if local governments choose to advocate for the creation of an RTA, the local government should outline how they would address the five key characteristics noted above as part of their RTA proposal.

### **Recommendations Regarding Potential Local-Option Transportation Revenues**

In addition to the concept of regional financing entities, the Task Force considered a wide range of local-option revenues that logically could be applied to transportation, including those implemented in other states throughout the country. Based on this review and careful consideration of the circumstances facing our counties and municipalities, the Task Force recommends further consideration of the following local-option revenue sources<sup>4</sup>, to be made available for use at local governments' discretion:

- A newly enabled voluntary local-option vehicle registration fee.
- An expansion of the local-option income tax increment specifically dedicated to transportation. Some counties and municipalities are already at the current cap and an increase to the cap would be required for those jurisdictions to avail themselves of this option.
- An expansion of local jurisdictions' real estate transfer tax authority.
- The facilitation of the application of value capture techniques at the project level in instances where market conditions and project dynamics allow. Such techniques are generally already enabled in State law, but could potentially require legislative or administrative refinements as specific applications are developed.

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<sup>4</sup>Not every Task Force member agreed to each of these individual recommendations.

The Task Force recommends that discretion be given to local jurisdictions as to whether to implement any or all of these options and, to the extent administratively feasible, to set the rate imposed up to reasonable limits established by the General Assembly and potentially at established optional increments. The General Assembly may also wish to identify which levels of local government are granted the authority to levy each specific local-option mechanism and potentially how resulting revenues would be shared among counties and their underlying municipalities. The full report provides illustrative information on the revenue-raising potential of each mechanism, including breakdowns by jurisdiction where feasible.

Recognizing their use in other states around the country, the Task Force also considered, but does not recommend at this time, the provision of local-option sales taxes and gas taxes. Given these mechanisms' particular relevance to regional approaches, it may be appropriate to consider them again at a later date if and when such regional approaches are brought forward to meet specific regional transportation investment needs.

The Task Force further recommends that some continued consideration be given to identifying a reasonable, incremental strategy to provide local jurisdictions with an increase in the basic level of HUR in a method compatible with the appropriate expansion, preservation, and maintenance of the State transportation system. The Task Force discussed opportunities for when the General Assembly should begin considering increases in the HUR funds; however, there was no resolution on a specific trigger.

As these recommendations are considered in the upcoming legislative session, the Task Force believes it is important to maintain the current funding arrangements now in place as the General Assembly considers moving beyond the status quo toward new funding models and standards.

## **Conclusion**

Thank you for the opportunity to serve as the Chair of this Task Force. On behalf of the Task Force, I sincerely hope that the findings and recommendations contained in this report are helpful as you consider the challenges of preserving and enhancing localities' ability to meet their transportation infrastructure investment needs and continue to play a vital role in the connectivity of the State and the mobility of our citizens.

Sincerely,

A handwritten signature in black ink, appearing to read "MaD Mal", with a long horizontal flourish extending to the right.

Matthew D. Gallagher  
Chairman

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# Executive Summary

## Charge

The Local and Regional Transportation Funding Task Force (Task Force) was created as part of the Transportation Infrastructure Investment Act of 2013 (Transportation Act) (Chapter 429, Acts of 2013) signed into law on May 16, 2013. The Task Force was charged with studying, evaluating, and making recommendations on:

- the feasibility of regional transit financing entities; and
- local-option transportation revenues for the purpose of raising additional funds to support regional and local transportation system needs throughout the State.

This report constitutes the Task Force's findings and recommendations to the Governor and General Assembly, as required by statute.

## Context

The State and local governments share the responsibility for providing transportation services and facilities in Maryland. Maryland localities own approximately 83 percent of public road miles, ranking Maryland 24<sup>th</sup> nationally.<sup>5</sup> Maryland local roads carry 28 percent of the vehicle miles of travel Statewide, while State-owned roadways carry 72 percent of the vehicle miles of travel.<sup>6</sup> Also, Maryland is one of the few states that owns and operates a transit system and is unique regarding the amount of State investment in transit.

In Fiscal Year 2012, local transportation spending in Maryland comprised 20 percent of total transportation spending (see Exhibit ES1). Local government spending on transportation services in Fiscal Year 2012 represented just under five percent of total local government expenditures.<sup>7</sup>

**Exhibit ES1. Expenditures on Transportation in Maryland by Level of Government  
(Fiscal Year 2012)**

Maryland Level of Government	Fiscal Year 2012 Transportation Funding	Percentage
State	\$3.30 billion	61%
Local	\$1.06 billion	20%
Federal	\$1.04 billion	19%
<b>TOTAL</b>	<b>\$5.40 billion</b>	<b>100%</b>

To assist in funding local transportation services and facilities, local governments have received local Highway User Revenues (HUR).<sup>8</sup> The local share of HUR is currently set at 9.6 percent (estimated at \$166 million in Fiscal Year 2014) of the GMVRA.

<sup>5</sup> Federal Highway Administration. Highway Statistics. Table HM-10. December 2012.

<sup>6</sup> 2012 Maryland State Highway Administration Mobility Report. Page II-4. July 2012.

<sup>7</sup> Based on data provided by the Department of Legislative Services to the Task Force, October 2, 2013.

<sup>8</sup> By law, a portion of Transportation Trust Fund revenues is allocated among the State and local jurisdictions by way of the Gasoline and Motor Vehicle Revenue Account (GMVRA). The GMVRA consists of portions of the motor fuel, titling, and corporate income taxes and vehicle registration fees. Funds credited to this account are known as highway user revenues.



## Recommendations

The Task Force recommends the following:

- Regional Transportation/Transit Authorities (RTAs) should remain an option to be given future consideration as specific regional transportation investments are identified and finance plans assembled.
  - If local governments choose to advocate for the creation of an RTA, the local government should outline how they would address the key characteristics, including governance and funding, as part of their RTA proposal.
  - Consideration of any regional approaches should consider the benefits of Maryland's more centralized transportation investment structure and the vital coordinating role played by the Maryland Department of Transportation (MDOT) in the State's integrated transportation network.
- The General Assembly should consider enabling the following local-option revenue sources, to be made available for use at each local government's discretion<sup>9</sup>:
  - A newly enabled voluntary local-option vehicle registration fee.
  - An expansion of the local-option income tax increment specifically dedicated to transportation. Some counties and municipalities are already at the current cap and an increase to the cap would be required for those jurisdictions to avail themselves of this option.
  - An expansion of local jurisdictions' real estate transfer tax authority.
  - The facilitation of the application of value capture techniques at the project level in instances where market conditions and project dynamics allow. Such techniques are generally already enabled in State law, but could potentially require legislative or administrative refinements as specific applications are developed

The Task Force recommends that discretion be given to local jurisdictions to implement any or all of these options and, to the extent administratively feasible, to set the rate imposed up to reasonable limits established by the General Assembly and potentially at established optional increments. The General Assembly also may wish to identify which levels of local government are granted the authority to levy each specific mechanism and how resulting revenues are shared among counties and underlying municipalities.

- Continued consideration should be given to identifying a reasonable, incremental strategy to provide local jurisdictions with an increase in the basic level of HUR in a method compatible with the appropriate expansion, preservation, and maintenance of the State transportation system. The Task Force discussed opportunities for when the General Assembly should begin considering increases in the HUR funds; however, there was no resolution on a specific trigger.

As these recommendations are considered, the Task Force believes it is important to maintain the current funding arrangements now in place.

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<sup>9</sup> Not every Task Force member agreed to each of these individual recommendations.

## Background

On August 17, 2013, Governor Martin O'Malley named local and State representatives to the Local and Regional Transportation Funding Task Force (Task Force). The Task Force was charged with studying, evaluating, and making recommendations on:

- the feasibility of regional transit financing entities; and
- local-option transportation revenues for the purpose of raising additional funds to support regional and local transportation system needs throughout the State.

The Task Force was created as part of the Transportation Infrastructure Investment Act of 2013 (Transportation Act) signed into law on May 16, 2013 (Chapter 429, Acts of 2013). Governor O'Malley appointed the following bi-partisan members to serve on the Task Force:

- Matthew D. Gallagher, President and Chief Executive Officer of The Goldseker Foundation (Chairman)
- Secretary James T. Smith, Jr., Maryland Department of Transportation (MDOT)
- Senator Richard S. Madaleno, Jr., District 18, Montgomery County
- Senator George C. Edwards, District 1, Garrett, Allegany, and Washington Counties
- Delegate Tawanna P. Gaines, District 22, Prince George's County
- Delegate A. Wade Kach, District 5B, Baltimore County
- William S. Ratchford, II, Baltimore City Mayor's Office
- Lonnie Robbins, Chief Administrative Officer, Howard County
- Richard M. Pollitt, Jr., Wicomico County Executive
- Carol Krimm, Alderman, City of Frederick
- Denise Mitchell, Councilmember, City of College Park

The Task Force, staffed by MDOT, was required to report its findings and recommendations to the Governor on or before December 15, 2013 (*Monday, December 16, 2013*), and, in accordance with §2–1246 of the State Government Article, the General Assembly. This Report is the Task Force's fulfillment of that requirement.

The Task Force held five meetings that were open to the public. Each meeting covered a variety of topics and included presentations by MDOT staff, Department of Legislative Services staff, county and municipal government representatives, and outside experts. A brief summary of the primary topics covered at each meeting is provided below. Additional detail on each meeting, including meeting summaries can be found on MDOT's web site: [www.mdot.maryland.gov/Taskforce](http://www.mdot.maryland.gov/Taskforce).

- Meeting #1. September 13, 2013. Review of Task Force charge, overview of Maryland's local transportation funding structure, and overview of local and regional transportation funding sources outside of Maryland.
- Meeting #2. October 2, 2013. Maryland local transportation funding issues and needs, national experience funding local highway investment and regional transit.
- Meeting #3. October 22, 2013. Regional coordination and transportation funding in the Washington region. Task Force screening of local funding options.

- Meeting #4. November 4, 2013. Locally operated transit system (LOTS) funding, value capture techniques, and review of draft outline of Task Force's Final Report.
- Meeting #5. November 19, 2013. Review and discussion of Final Report content.

For further information, all meeting details and other information regarding the Task Force are posted on MDOT's web site: [www.mdot.maryland.gov/Taskforce](http://www.mdot.maryland.gov/Taskforce)

## **1. Purpose of this Report**

As required by law, the Task Force is required to submit a Final Report by December 15, 2013. This Report serves as the Task Force's Final Report and outlines all of the Task Force's recommendations.

## **2. Maryland Local Transportation Funding Context**

The State and local governments share the responsibility for providing transportation services and facilities in Maryland. Local governments have the responsibility for constructing and maintaining local transportation systems throughout the State. Local transportation is vital to getting people to and from jobs, school, and daily activities; local community vitality; and the State's economic prosperity. Maryland localities own approximately 83 percent of public road miles, ranking Maryland 24<sup>th</sup> nationally.<sup>10</sup> Maryland local roads carry 28 percent of the vehicle miles of travel Statewide, while State-owned roadways carry 72 percent of the vehicle miles of travel.<sup>11</sup> Maryland also is one of the few states that owns and operates a transit system and is unique regarding the amount of State investment in transit.

As shown in Exhibit 1, below, in Fiscal Year 2012, local transportation spending comprises just under 20 percent of total transportation spending for Fiscal Year 2012 totaling \$1.06 billion (county expenditures totaling \$911 million and municipal expenditures totaling approximately \$149 million). In addition to local transportation spending, in Fiscal Year 2012, the State invested \$3.30 billion and federal funds comprised \$1.04 billion, for a total \$5.40 billion Statewide.<sup>12</sup> Local government spending on transportation services in Fiscal Year 2012 represented just under five percent of total local government expenditures.<sup>13</sup>

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<sup>10</sup> Federal Highway Administration, Highway Statistics. Table HM-10. December 2012.

<sup>11</sup> 2012 Maryland State Highway Administration Mobility Report. Page II-4. July 2012.

<sup>12</sup> Based on data provided by the Department of Legislative Services to the Task Force, October 2, 2013.

<sup>13</sup> Based on data provided by the Department of Legislative Services to the Task Force, October 2, 2013.

**Exhibit 1. Expenditures on Transportation in Maryland by Level of Government  
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To assist in funding local transportation services and facilities, local governments have received local Highway User Revenues (HUR). This statutory requirement has been a highly successful example of cooperation between the State and the local governments. This mechanism has been in operation since the mid 1900's. By law, a portion of Transportation Trust Fund (TTF) revenues is allocated among the State and local jurisdictions by way of the Gasoline and Motor Vehicle Revenue Account (GMVRA). The GMVRA consists of portions of the motor fuel, titling, and corporate income taxes and vehicle registration fees. Funds credited to this account are known as Highway User Revenues.

In the past, the local share of HUR had been 30 percent of total available HUR funds. However, as part of the State's response to the recession, various categories of State assistance to local governments were restructured, including local highway aid. Consequently, the local share of HUR was significantly reduced and is currently set at 9.6 percent (estimated at \$166 million in Fiscal Year 2014), with Baltimore City receiving 7.7 percent, counties 1.5 percent and municipalities 0.4 percent, of the GMVRA. As noted below, Baltimore City is responsible for nearly all roads within the City. Restoring support to local transportation infrastructure would benefit local systems within the Statewide transportation network; however, any efforts to do so must be compatible with the ability of the State to suitably invest in the State's responsibility for the Statewide infrastructure.

Responsibility for the transportation system in Maryland is split between the State and local governments, as shown in Exhibit 2 below.

## Exhibit 2. Division of State and Local Responsibility for Maryland Transportation System

State	Local
<ul style="list-style-type: none"> <li>• Constructs and maintains Maryland's major highways and roads</li> <li>• Licenses and registers vehicles and vehicle operators</li> <li>• Owns and operates the State's two largest airports</li> <li>• Manages public terminals and various activities at the Port of Baltimore</li> <li>• Provides commuter rail and bus service</li> <li>• Subsidizes one of the two major urban transit systems (WMATA) and owns and operates the other (MTA)</li> <li>• Provides State grants to local governments for locally provided transportation services</li> </ul>	<ul style="list-style-type: none"> <li>• Constructs and maintains secondary roads</li> <li>• Owns and operates small regional airports</li> <li>• Augments Washington area mass transit system (Montgomery and Prince George's counties)</li> <li>• Provides transit services</li> <li>• Baltimore City – as the exception – constructs and maintains all roads, except I-95, I-895, I-395, and a small portion of I-695 west of the Key Bridge, within the City</li> </ul>

In Maryland, local governments rely on a variety of sources, in addition to HUR, to fund local transportation expenditures. The primary revenue source for local governments in Maryland is the property tax. Income taxes also contribute a significant portion of local funding. Following is a list of commonly utilized local revenue sources in Maryland:

- Property Taxes – Imposed by counties and municipalities
- Income Tax – Imposed by counties, revenues shared with municipalities
- Recordation and Transfer Taxes – Imposed by counties
- Special Taxing Districts – Imposed by counties and municipalities
- Hotel Rental Taxes – Imposed by counties and municipalities
- Impact Fees and Development Excise Taxes – Imposed by counties
- Admissions and Amusement Taxes – Imposed by counties and municipalities
- Additional Miscellaneous Taxes, including Telecommunications, Energy, Trailer Park, and Parking Lot/Boat Slip Taxes – Imposed by counties

Local jurisdictions must receive authority from the General Assembly to impose any tax or to provide tax exemptions. Often, localities do not dedicate revenues from certain taxes to specific uses, such as transportation, to enable budgetary flexibility from year to year based on the ever changing public service and infrastructure needs of the locality. Therefore, often transportation expenditures are drawn from the same source of funding for schools, public safety, and other public services, what is referred to as general revenues, representing a combination of the locality's revenues and funds.

### 3. National Experience

The Task Force benefited from a range of presentations from State and local representatives and national experts throughout its meetings. These presentations and additional information and data prepared by the MDOT staff covered materials relevant to local transportation revenue and funding options, regional transit financing entities. This information informed Task Force deliberations and ultimately the recommendations presented in this report.

#### Regional Transportation Financing Entities

To facilitate deliberations and the forming of recommendations, the Task Force received presentations and supporting material on regional transportation entities, commonly referred to as Regional Transportation Authorities or Regional Transit Authorities (RTAs). To begin, the Task Force was provided a review of the defining characteristics of successful RTAs, such as forms of governance, funding sources and taxing authority, participation options for jurisdictions, and range of transit services provided. In addition, an overview of the range of functions an RTA can provide was presented to the Task Force. For example, some RTAs serve as funding only entities while others serve a full range of functions including planning, construction, operations, and funding. National experts also presented to the Task Force on national trends in transit agency challenges such as:

- Increasing ridership demand;
- Aging assets;
- Decreasing funding for rehabilitation projects;
- Increasing debt;
- Increasing operations and maintenance costs;
- Difficulties raising fares, with average farebox recovery of operation and maintenance costs at approximately 40 percent nationally;
- Implementing new federal requirements; and
- Limitations on transit funding sources:
  - often allocated to either capital or operations and maintenance, with capital funds potentially further limited to new capacity;
  - with little federal funding for operations; and
  - a new federal emphasis on asset management and funding of state of good repair needs.

The Task Force reviewed select examples of RTAs nationally, including those that serve an urban city center and its surrounding localities, as well as entities that serve multiple municipalities without a core city. A summary of RTAs that provide broader transportation services, beyond transit, was also provided to the Task Force. While less common and often tied to tolling, RTAs that serve a broad array of transportation needs exist. Appendix A.1 provides supporting summary matrices for RTAs.

## Local Transportation Revenue and Funding Options

The Task Force received presentations from national experts on funding approaches seen across the country for local and regional highway and transit investment. As shown in these presentation materials, nationally, local funding sources provide approximately 30 percent of total funding for transportation, including for both highway and transit investment. This compares to approximately 20 percent in the State of Maryland.<sup>14</sup> The remainder of the funding is from states (42 percent), the federal government (21 percent), and transit agencies (7 percent).

At the federal and state level, motor fuel taxes play a primary role in funding transportation, while at the local level key funding sources include property taxes, sales taxes, mass transit fares, and tolls. These are not the only sources of funding, however. A wide range of taxes, fees, and other funding mechanisms can be accessed by local governments to pay transportation costs as shown in Exhibit 3. A summary of select examples of use of local highway revenue options can be found in Appendix A.2, Local Highway Revenues – Examples of Use. In addition, Appendix A.3, Examples of Transit System Funding by Governance Model, provides summary information on the composition of transit system funding for select transit agencies.

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<sup>14</sup> Based on data provided by Department of Legislative Services Presentation to Task Force, October 2, 2013.

### Exhibit 3. Local Funding Mechanisms for Local & Regional Transportation Investment

Traditional Tax- and Fee-Based	Common Business, Activity, and Related	Project Revenues	New 'User' or 'Market-Based'
<ul style="list-style-type: none"> <li>• General Revenues</li> <li>• Sales Taxes</li> <li>• Motor Fuel Taxes</li> <li>• Property Taxes</li> <li>• Vehicle Fees (title, reg., tags, inspect.)</li> <li>• Advertising Revenues</li> <li>• Concession Revenues/Rest Stops</li> <li>• Contract/Purchase-of-Service Revenues (transit)</li> <li>• Lease Revenues (transit)</li> </ul>	<ul style="list-style-type: none"> <li>• Employer/Payroll Taxes</li> <li>• Car Rental Fees</li> <li>• Vehicle Lease Fees</li> <li>• Parking Fees</li> <li>• Realty Transfer Taxes/Mortgage Recording Fees</li> <li>• Corporate Franchise Taxes</li> <li>• Room/Occupancy Taxes</li> <li>• Business License Fees</li> <li>• Utility Fees/Taxes</li> <li>• Income Taxes</li> <li>• Donations</li> <li>• Other Business Taxes</li> </ul>	<ul style="list-style-type: none"> <li>• Value Capture / Beneficiary Charges (transit)</li> <li>• Special Assessment Districts</li> <li>• Community Improvement Districts/Community Facilities Districts</li> <li>• Impact Fees</li> <li>• Tax Increment Financing Districts</li> <li>• Right-of-Way Leasing</li> <li>• Transit-Oriented Development/Joint Development (transit)</li> <li>• Value Capture/ Beneficiary Charges (transit)</li> </ul>	<ul style="list-style-type: none"> <li>• Tolling</li> <li>• Congestion Pricing</li> <li>• Emission Fees</li> <li>• Vehicle Miles Traveled (VMT) Fees</li> </ul>

Source: Adapted from Transit Cooperative Research Program (TCRP). Report 129. Local and Regional Funding Mechanisms for Public Transportation. 2009.

To support the information on the local and regional level of funding participation and the sources of that funding, additional detail was provided to the Task Force on how the responsibility for 'local' roads and transit is divided between states and localities. Nationally, there is a wide spectrum for this split of responsibility. For example, in a few states, the state is largely responsible for roads, leaving little to localities (e.g., Delaware, Virginia, North Carolina); whereas, in other states, localities take on a larger role (e.g., Florida and New Jersey). In 88 percent of states, localities own more than 50 percent of public road miles. Maryland localities own approximately 83 percent of public road miles, ranking Maryland 24<sup>th</sup> nationally.<sup>15</sup> Maryland local roads carry 28 percent of the vehicle miles of travel in the State, while the State's roadways carry 72 percent of the vehicle miles of travel.<sup>16</sup> Nationally, however, transit is predominately a local or regional responsibility. Maryland is one of the few states that owns

<sup>15</sup> Federal Highway Administration Highway Statistics, Table HM-10, December 2012.

<sup>16</sup> 2012 Maryland State Highway Administration Mobility Report, page II-4, July 2012.



and operates a transit system and is unique regarding the amount of state investment in transit. Other examples of state-owned transit systems include New Jersey, Delaware, Connecticut, and Massachusetts.

Other presenters to the Task Force provided context for transportation funding by discussing the decline in federal transportation funding. Motor fuel taxes comprise approximately 91 percent of the Federal Highway Trust Fund, but due to declines in vehicle miles traveled, loss in tax revenue purchasing power, and the impact of alternative fuel vehicles and fuel economy, outlays from the Federal Highway Trust Fund are projected to decline. To compensate, states are tapping into a wider range of revenue sources and seeking new and additional revenue sources for transportation. Several recent examples of successful legislative initiatives to raise revenues for transportation were presented to the Task Force, including increased fuel tax rates in California, Massachusetts, Vermont, and, of course, Maryland, as well as Virginia's reduction in the traditional gas tax but increase of other taxes for a net increase in revenue for transportation.

Other successful state transportation revenue initiatives include general sales tax increments in Arkansas and Virginia; sales taxes on fuel or other fuel-based variable taxes/fees in the District of Columbia, Maryland, Massachusetts; and Virginia vehicle registration fees; and special taxes on electric or alternative fuel vehicles in Virginia and Washington. Appendix A.4 provides a Summary of Transportation Revenue Initiatives from 2011 through 2013.

The Task Force also discussed the use of various "value capture" techniques. As summarized by a presentation to the Task Force, "value capture" generally refers to a tool or mechanism that can be used by public entities to fund investments in infrastructure, services, or other amenities by "capturing" the additional land value that these expenditures create for private property owners and developers. While value capture is not new to Maryland, the State does not have comprehensive Statewide coordination or strategic planning to deploy value capture tools broadly or systematically. Common forms of value capture include special assessments, tax increment financing (TIF), developer contributions (development impact fees, negotiated contributions), and joint development. Examples of the funding potential from value capture was provided to the Task Force for hypothetical examples and a detailed case example of the Route 28 Transportation Improvement District in Fairfax and Loudoun counties in Virginia.

## 4. Findings, Options Considered, and Recommendations

### General Findings

First and foremost, the Task Force observes that the State of Maryland has a unique strength relative to peer states in its coordinated approach to transportation infrastructure funding. Both the Task Force and representatives of local government who appeared before the Task Force at public meetings noted that Maryland's more centralized approach has served the State well in terms of a multi-modal system focus, the extent of transportation investment, and the efficiency and effectiveness of that investment. This strength should be preserved moving forward.

The Task Force recognizes that the Highway User Revenues (HUR) account has benefits specifically to the counties and municipalities that use HUR to support the maintenance and operations of their locally-owned transportation infrastructure. Additionally, local governments have local revenue options that are available to them, including but not limited to property tax and income tax capacity for maintenance and operations, as well as project-specific funding techniques such as the use of value capture mechanisms for capital improvements.

In the course of deliberations, the Task Force invited local government representatives to bring forward potential additional funding options that are not currently available to them, but that they would find particularly helpful. In response to this request, the Maryland Association of Counties (MACo) made two suggestions, in addition to an appeal for a return of HUR funding: (1) for localities to share in additional revenues raised through indexing the gasoline tax; and (2) for the State to provide an exemption from the State motor fuel tax to localities for their vehicle fleets, which MACo estimates would save counties approximately \$7 million annually. The Maryland Municipal League (MML) also made an appeal for a return in HUR funding in response to the Task Force's request for input. It was later noted that Baltimore City constructs and maintains all roads within the City, except I-95, I-895, I-395, and a small portion of I-695 west of the Key Bridge, and thus receives a disproportionate allocation from the local share of HUR. Even so, the reduction in the City's allocation has made it difficult for the City to adequately maintain major highways and roads as well as local streets.

With this general context in mind, the Task Force believes there is opportunity to expand the options available to counties and municipalities to facilitate increased investment in locally-owned transportation assets. The Task Force also recognizes there are different needs in different parts of the State, and there is value in preserving and providing as many options as possible in order to provide maximum flexibility. Further, the Task Force recognizes that some jurisdictions have more challenges than others to raise sufficient revenue relative to the investment required to meet basic needs. This situation is due in large part to the limited revenue-yield achievable from existing and potential revenue mechanisms based on the smaller tax bases in some jurisdictions. The Task Force also notes that municipalities have very limited revenue-raising authority under current state law.

## Regional Transportation Financing Entities

The Task Force carefully considered the potential role of regional financing entities to enhance transit and broader transportation investment at the local and regional level. The Task Force recognizes that regional financing entities, commonly referred to as RTAs, have the potential to be a valuable option for local governments to develop and fund regional transportation projects or transit operations. The Task Force further recognizes that such regional entities bring with them a host of complex issues that must be considered and addressed for their success.

The Task Force evaluated RTAs in other parts of the country and considered which characteristics made for a successful RTA as well as what underlying conditions necessitated their creation. As noted previously in this report, the successful characteristics of RTAs were considered by the Task Force relative to current circumstances in the State of Maryland, with its unique State-administered multi-modal transportation system.

The Task Force agreed on some of the key issues that would need to be addressed by the General Assembly and localities to avail themselves of potential regional approaches if the General Assembly were to decide an RTA option is something that would be valuable to promote certain regionally-based transportation projects. These key issues include:

- governance;
- funding sources and taxing authority;
- participation options;
- services provided by the authority (e.g. light rail, buses); and
- transportation functions provided by the authority (e.g. planning, construction, operations and maintenance, fee collection).

These issues are complex and will require a great deal of consideration. The Task Force believes that for regional financing entities to be beneficial relative to the financing approaches in place today, the desire to utilize them must come from the localities themselves. Thus, the General Assembly may wish to consider encouraging localities to come forward with such requests and input.

The Task Force also believes that consideration of any regional approaches should pay proper attention to the long-experienced benefits of Maryland's more centralized transportation investment structure and the vital coordinating role played by MDOT in the State's integrated transportation network. Local efforts to move RTAs forward should not undermine the benefits of the unified transportation program currently in place.

The Task Force believes the concept of RTAs should remain an option for future consideration as specific regional transportation investments are identified and finance plans assembled. The Task Force also recommends that if local governments choose to advocate for the creation of an RTA, the local government should outline how they would address the five key characteristics noted above as part of their RTA proposal.

## Local Transportation Revenue and Funding Options

In addition to the concept of regional financing entities, the Task Force considered a wide range of local-option revenues that logically could be applied to transportation, including those implemented in other states throughout the country. Based on this review and careful consideration of the circumstances facing Maryland's counties and municipalities, the Task Force recommends further consideration of the following local-option revenue sources,<sup>17</sup> to be made available for use at each local government's discretion:

- **Local-Option Vehicle Registration Fee.** The Task Force recommends consideration of a newly enabled voluntary local-option vehicle registration fee. If such a fee were implemented by all eligible localities at a level of \$20 annually, MDOT estimates this local-option fee could raise up to \$96 million. Approximately \$82 million of this would be attributed to the counties and the City of Baltimore, with the remaining \$14 million attributed to municipalities (see Exhibit 4, below, for estimated revenue by county).
- **Local-Option Income Tax Increment.** The Task Force recommends consideration of expansion of the local-option income tax to enable an increment be levied that would be dedicated to transportation. If a 0.05 percent increase to the income tax was implemented by all eligible localities, MDOT estimates approximately \$107 million in new revenues could be generated. Approximately \$104 million of this would be attributed to the counties and the City of Baltimore, with just under \$3 million attributed to municipalities, based on an application of the current allocations of income tax revenues between counties and municipalities (see Exhibit 4 for estimated revenue by county). It should be noted that some counties and municipalities are already at the current cap and an increase to the cap would be required for those jurisdictions to avail themselves of this option. Appendix A.5, Additional Revenue Yield from Imposing Maximum County Income Tax Rate, provides the current income tax rates in each county.
- **Real Estate Transfer Tax Increment.** The Task Force recommends consideration of an expansion of the current enabled real estate transfer tax to allow an increment to be levied that would be dedicated to transportation. If a 0.35 percent increment was levied by all eligible counties, MDOT estimates that approximately \$97 million could be generated (see Exhibit 4 for estimated revenue by county).
- **Facilitation of Project-Specific Value Capture Techniques.** The Task Force recommends facilitating the application of value capture techniques at the project level be considered in instances where market conditions and project dynamics allow. Such techniques are generally already enabled in State law, but could potentially require some legislative or administrative refinements as specific applications are developed. Examples of value capture techniques include special assessment districts, tax increment financing, developer contributions, and joint development.

Based on Statewide household data, MDOT estimates that each of these options, with the exclusion of the project-specific value capture techniques, would have an impact of approximately \$44 to \$49 per year on each household at the increments described above.

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<sup>17</sup> Not every Task Force member agreed to each of these individual recommendations.

The Task Force recommends that discretion be given to local jurisdictions as to whether to implement any or all of these options and, to the extent administratively feasible, to set the rate imposed up to reasonable limits established by the General Assembly and potentially established optional increments. The General Assembly also may wish to identify which levels of local government are granted the authority to levy each specific local-option mechanisms and potentially how resulting revenues are shared among counties and their underlying municipalities.

#### Exhibit 4. Estimated Revenue Potential by County LOCAL FUNDING MECHANISM ANALYSIS

Statewide Revenue Estimate  
(in millions)

Revenue Source	Vehicle Registrations	Income Tax	Transfer Tax
Current State Rate	\$50.50/\$76.50 >3,700 lbs	Various; Max = 3.2%*	0.50%
Local Option Rate	\$20/Year	0.060%	0.35%
Average Revenue**	\$96	\$107	\$97

Local Distribution Schedule (in thousands)							
	Vehicle Registrations			Income Tax			Transfer Tax
	Counties	Muni's	Total	Counties	Muni's	Total	Total
Allegany	\$ 768	\$ 480	\$ 1,248	\$ 626	\$ 50	\$ 676	\$ 245
Anne Arundel	9,984	768	10,752	11,133	142	11,275	11,837
Baltimore County	13,440	-	13,440	14,859	-	14,859	11,223
Calvert	1,632	288	1,920	1,672	24	1,697	1,327
Caroline	480	192	672	315	16	331	283
Carroll	2,784	768	3,552	3,003	115	3,118	2,046
Cecil	1,440	384	1,824	1,298	56	1,354	1,372
Charles	2,592	288	2,880	2,398	34	2,432	2,198
Dorchester	384	192	576	301	17	318	293
Frederick	2,880	1,632	4,512	4,159	255	4,414	4,312
Garrett	480	96	576	313	11	324	620
Harford	3,936	768	4,704	4,278	95	4,374	3,475
Howard	5,184	-	5,184	7,967	-	7,967	8,036
Kent	288	96	384	253	15	267	299
Montgomery	12,384	2,784	15,168	27,713	799	28,512	24,855
Prince George's	9,600	3,168	12,768	10,745	503	11,248	11,738
Queen Anne's	960	96	1,056	875	11	886	1,002
Saint Mary's	2,112	96	2,208	1,840	10	1,850	1,237
Somerset	288	96	384	152	4	156	141
Talbot	480	384	864	758	48	806	1,102
Washington	1,920	864	2,784	1,723	84	1,807	1,222
Wicomico	1,152	576	1,728	984	48	1,033	691
Worcester	768	384	1,152	691	36	727	2,010
Total	\$ 75,936	\$ 14,400	\$ 90,336	\$ 98,057	\$ 2,373	\$ 100,431	\$ 91,565
Baltimore City	\$ 5,664	\$ -	\$ 5,664	\$ 6,173	\$ -	\$ 6,173	\$ 5,189
<b>TOTAL**</b>	<b>\$ 81,600</b>	<b>\$ 14,400</b>	<b>\$ 96,000</b>	<b>\$ 104,230</b>	<b>\$ 2,373</b>	<b>\$ 106,604</b>	<b>\$ 96,754</b>

\* Statutory change needed to allow jurisdictions already assessing at the maximum rate to increase their rate above 3.2%.

\*\* Average Revenue is based on FY 2015 - FY 2019 estimates.

Recognizing their use in other states around the country, the Task Force also considered the provision of local-option sales taxes and gas taxes. The Task Forces does not recommend this provision at this time. Given these mechanisms' particular relevance to regional approaches, it may be appropriate to consider them again at a later date if and when such regional approaches are brought forward to meet specific regional transportation investment needs.

The Task Force further recommends that some continued consideration be given to identifying a reasonable, incremental strategy to provide local jurisdictions with an increase in the basic level of HUR in a method compatible with the appropriate expansion, preservation, and maintenance of the State transportation system. The Task Force discussed opportunities for when the General Assembly should begin considering increases in the HUR funds; however, there was no resolution on a specific trigger.

As these recommendations are considered in the upcoming legislative session, the Task Force believes it is important to maintain current funding arrangements now in place as the General Assembly considers moving beyond the status quo toward new funding models and standards.

# Appendix A. Meeting Materials

## Appendix A.1 RTA Summary Matrices

### Regional Transportation Authorities (RTAs) (Transit-Specific)

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#### Defining Characteristics of Transit Regional Transit Authorities

- **Governance.** Board governance is a prominent part of public administration.
  - A Board that represents the array of interests of the member regional jurisdictions is a key to success
  - Boards differ to fit the specific characteristics of the region in terms of
    - Membership selection methods
    - Duties
    - Roles
    - Powers
- **Funding Source(s) & Taxing Authority.**
  - A dedicated funding source is a key to success be it levied by
    - Regional entities on behalf of the authority or
    - Directly by the authority
  - Mandated local contributions also can provide the transit authority financial stability
    - Advantage: Provides participating jurisdictions the flexibility to select funding from the most appropriate source(s) to their situation
    - Disadvantage: Less funding certainty than a dedicated revenue source
- **Participation Options.** In a regional organization, certain jurisdictions will undoubtedly benefit to greater and lesser degrees.
  - Participation should reflect the relative benefits to each jurisdiction
  - Participation can vary by:
    - Level of funding contribution
    - Number of positions on the board, and whether those positions are voting
    - Other variables
- **Transit Services Provided.** Provide a range of public transportation services:
  - Bus only; and
  - Combinations of bus, heavy rail (subway), light rail, commuter rail, ferry, and trolley.
- **Functions Provided.** Some serve a full range of functions while others serve a narrow range of functions:
  - Provision of funding
  - Planning and prioritizing needs
  - Construction
  - Operations and maintenance

## Select Examples of Regional Transit Authorities

Governance	Local Funding Source(s)	Functions & Transit Services Provided
<b>Serve: Urban City Center and Surrounding Localities</b>		
<b>Denver (CO) Regional Transportation District</b> – Denver and eight counties		
15-member, publicly elected Board of Directors. Directors are elected to a four-year term and represent a specific district.	1% sales tax	Construct, operate and maintain  Bus, light rail, commuter rail line (under construction)
<b>Port Authority of Allegheny County (PA)</b> – Pittsburgh and Allegheny County		
9-member Board of Directors appointed by the County Executive and approved by the County Council	County alcoholic beverage tax, rental vehicle tax, and portion of 1% County sales and use tax	Construct, operate and maintain  Bus, light rail
<b>Charlotte (NC) Area Transit System (CATS)</b> – Mecklenburg County and municipalities		
Governed by Charlotte City Council and Metropolitan Transit Commission (MTC). City Council approves contracts and agency budget and oversees procurement. MTC provides direction including decisions on service, fare policy, and long-range transit plans. MTC includes 9 voting members (mayors of the 7 municipalities in Mecklenburg County, Mecklenburg County Council Chairman, and a North Carolina DOT representative), and 6 non-voting members (representatives of the 5 surrounding counties and 1 from South Carolina DOT).	One-half cent sales tax and local operating assistance from City of Charlotte, Mecklenburg County, and Huntersville	Construct, operate and maintain  Bus, light rail
<b>Serve: Urban City Center and Surrounding Localities</b>		
<b>Metro Transit (MN)</b> – Minneapolis and St Paul area		
An operating division of the Metropolitan Council  Counties Transit Improvement Board (CTIB) includes five counties and	CTIB counties impose a one-quarter cent sales tax and a \$20 motor vehicle sales tax. The funds are allocated	Metro Transit serves as Operator CTIB serves as funding provider



<b>Governance</b>	<b>Local Funding Source(s)</b>	<b>Functions &amp; Transit Services Provided</b>
collaborates with the Metropolitan Council. Two counties (that elected not to levy taxes) are ex-officio members.	based on a joint powers board established principles.  Twelve communities opted out of regional service and receive services from suburban transit providers.	Bus, light rail, commuter rail
<b>Southeastern Pennsylvania Transportation Authority (SEPTA)</b> – Philadelphia and four counties and via regional rail Trenton and West Trenton, NJ and Newark, DE		
15-member Board of Directors with two members appointed from each of the five counties and one member appointed each by the Governor of Pennsylvania, Senate Majority Leader, Senate Minority Leader, House Majority Leader, House Minority Leader	Each county provides an operating and capital subsidy that serves as a required local match to state and federal funds.	Construct, operate and maintain  Bus, trolley, trackless trolley, subway, and regional rail (commuter rail)
<b>Utah Transit Authority (UTA)</b> – Wasatch region covering 75 cities in 6 counties		
UTA is a local district political subdivision of the State governed by a 16-member Board of Trustees with 5 members appointed by Salt Lake and Tooele Counties; 2 members appointed by Utah County; 1 member each appointed by Salt Lake County; Salt Lake City; Davis and Weber counties; the Governor; the Speaker of the House of Representatives; the State Senate; and the Utah Transportation Commission; and 1 non-voting member appointed by district member municipalities within the un-annexed counties.	UTA receives various sales tax revenues in the counties where it provides service, including: a local mass transit tax, an additional local mass transit tax, a supplemental state sales and use tax, and an additional county option transportation tax. The rates vary by county. Sales tax rates for transit purposes range between 0.30% in Tooele County to 0.6875% in Salt Lake County.	Construct, operate and maintain  Bus, light rail, commuter rail

Governance	Local Funding Source(s)	Functions & Transit Services Provided
<b>Serve: Multiple Localities Without a Core City</b>		
<b>Worcester (MA) Regional Transit Authority</b> – City of Worcester and 34 surrounding communities		
Political subdivision of MassDOT (along with 14 other RTAs). WRTA Advisory Board includes representatives from each community in the WRTA’s service area.	Member municipality assessments	WRTA is not a transit operator; however, it is responsible for planning, funding, and oversight; service provided by private operator.  Bus
<b>Advance Transit (VT &amp; NH)</b> – Upper Valley of New Hampshire and Vermont (two townships, four municipalities, Dartmouth College, and Dartmouth-Hitchcock Medical Center)		
Private, non-profit agency; Board of Directors includes representatives from each municipality served and local institutions (Dartmouth College, Dartmouth-Hitchcock Medical Center, and Upper Valley Lake Sunapee Regional Planning Commission)	System-wide free service has been made possible by contributions from Upper Valley towns, Dartmouth College, and the Dartmouth-Hitchcock Medical Center.	Construction, operate and maintain  Bus
<b>Chittenden County (VT) Transportation Authority</b> – Five Counties		
13-member Board of Commissioners with two Commissioners representing Burlington and one Commissioner from Essex, Hinesburg, Milton, Shelburne, South Burlington, Winooski, Williston, Washington County, Franklin County, Lamoille County and Grand Isle County	Member community assessments. Charges based on 1) number of driver pay hours required; 2) fully allocated operating costs for upcoming year; and 3) any foregone fares for no- or reduced-fare service. Special one-time or multi-year assessments may also be required for communities seeking new membership or for capital equipment for new routes/segments. Member communities pay assessments from property tax revenues.	Construction, operate and maintain  Bus

# Regional Transportation Authorities (RTAs) (broader than transit only)

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## Defining Characteristics of Regional Transportation Authorities

- **Governance.** Board governance is a prominent part of public administration.
  - A Board that represents the array of interests of the member regional jurisdictions is a key to success
  - Boards differ to fit the specific characteristics of the region in terms of
    - Membership selection methods
    - Duties
    - Roles
    - Powers
- **Funding Source(s) & Taxing Authority.**
  - A dedicated funding source is a key to success be it levied by
    - Regional entities on behalf of the authority or
    - Directly by the authority
  - Mandated local contributions also can provide the authority financial stability
    - Advantage: Provides participating jurisdictions the flexibility to select funding from the most appropriate source(s) to their situation
    - Disadvantage: Less funding certainty than a dedicated revenue source
- **Participation Options.** In a regional organization, certain jurisdictions will undoubtedly benefit to greater and lesser degrees.
  - Participation should reflect the relative benefits to each jurisdiction
  - Participation can vary by:
    - Level of funding contribution
    - Number of positions on the board, and whether those positions are voting
    - Other variables
- **Functions Provided.** Some serve a full range of functions while others serve a narrow range of functions:
  - Provision of funding
  - Planning and prioritizing needs
  - Construction
  - Maintenance

## Select Examples of Regional Transportation Authorities (broader than Transit RTAs)

Governance	Local Funding	Functions Provided
<b>Maricopa County Regional Area Road Fund (RARF) &amp; Maricopa County Regional Public Transportation Authority</b> – Maricopa County including 20 cities and towns		
Arizona DOT administers the RARF and the Maricopa County Regional Public Transportation Authority is responsible for administering the public-transportation fund.	½ cent sales tax on business activities in the County	<p>66.7% to Regional Area Road Fund (RARF) consisting of</p> <ul style="list-style-type: none"> <li>• 56.2% for freeways/routes on state highway system (design, right of way, construction, maintenance and debt service) for projects in the Regional Transportation Plan for County</li> <li>• 10.5% for major arterial streets/intersections (debt service, capital expense, implementation studies)</li> </ul> <p>33.3% to public-transportation fund for capital costs, maintenance and operation of public transportation along with capital costs and utility relocation costs associated with a light-rail public-transit system.</p>
<b>San Diego Association of Governments (SANDAG)</b> – 18 incorporated cities and county		
SANDAG's Board of Directors is elected officials appointed by the governing bodies of the region's 18 incorporated cities and county. Representatives from Imperial County, the California DOT (Caltrans), US Department of Defense, San Diego Unified Port District, San Diego County Water Authority, MTS, North County Transit District, Southern California Tribal Chairmen's Association, and Consul General from Mexico serve as non-voting advisory members.	<p>½ cent transaction and use tax known as TransNet; and</p> <p>¼ cent sales tax for transit known as Transportation Development Act funds</p>	<p>SANDAG responsibilities include:</p> <p><i>Regional Transportation Commission.</i> Administers, budgets, and programs ½ cent tax to fund major corridor highway &amp; transit projects, approves financing strategies, issues debt.</p> <p><i>Regional Consolidated Agency.</i> Conducts transit planning, programming, project development, and construction for region. Daily operations performed by transit operators.</p> <p><i>Metropolitan Planning Organization.</i> Allocates federal funds, meets comprehensive planning requirements, adopts Regional Transportation Plan (RTP), Regional Transit Capital Improvement Program (CIP), &amp; Regional Transportation Improvement Program (RTIP).</p> <p><i>Regional Transportation Planning Allocation Agency.</i> Under this California designation, adopts RTP, CIP, &amp; RTIP and conducts 5-yr programming of state and federal funds. Allocates Transportation Development Act funds (¼ cent sales tax for transit).</p>

Governance	Local Funding	Functions Provided
<p><b>Northern Virginia Transportation Authority (NVTA)</b> – Counties of Arlington, Fairfax, Loudoun and Prince William &amp; cities of Alexandria, Fairfax, Falls Church, Manassas and Manassas Park. Also one representative for towns of Herndon, Leesburg, Purcellville, Dumfries, and Vienna</p> <p><b>Hampton Roads Transportation Planning Organization (HRTPO)</b> – Cities of Chesapeake, Hampton, Newport News, Norfolk, Poquoson, Portsmouth, Suffolk, Virginia Beach, and Williamsburg, and Counties of Gloucester, Isle of Wight, James City, and York</p>		
<p>NVTA's 16 voting members include mayors or chairs of nine member cities and counties; 2 members of House of Delegates; 1 member of the Senate; and two citizens. Director of the Virginia Dept. of Rail and Public Transportation and Commonwealth Transportation Commissioner serve as non-voting members.</p> <p>HRTPO's voting members include representatives from member cities and counties, Virginia Senate, Virginia House of Delegates, Transportation District Commission of Hampton Roads, Williamsburg Area Transit Authority, Virginia DOT, Virginia Dept. of Rail and Public Transportation, and Virginia Port Authority. Representatives from FHWA, FTA, FAA, Virginia Dept. of Aviation, Peninsula Airport Commission, and Norfolk Airport Authority are non-voting members.</p>	<p>Additional state taxes and a fee are imposed in Districts which meet certain population, motor vehicle registration, and transit ridership criteria.</p> <ul style="list-style-type: none"> <li>• 0.70% retail sales tax (NVTA &amp; HRTPO)</li> <li>• 2.1% wholesale motor fuel distributors tax (NVTA &amp; HRTPO)</li> <li>• 2.0% transient occupancy tax (NVTA)</li> <li>• \$0.15 fee per \$100 of real property value on grantors (NVTA)</li> </ul> <p>In NVTA, 30% of funds distributed to localities; remainder for regional projects.</p> <p>In HRTPO, deposited into Construction Fund for construction projects on new or existing roads, bridges, and tunnels.</p>	<p>Prepare an unconstrained long-range regional transportation plan for their respective areas, including transportation improvements of regional significance.</p> <p>Each Authority has significant powers granted by the General Assembly to construct or otherwise implement projects in the adopted plan. These powers include, but are not limited to, the ability to acquire land, impose tolls, and have its bonds validated by Virginia's courts.</p>
<p><b>Hidalgo County Regional Mobility Authority (a Texas Regional Mobility Authority)</b> – Hidalgo County</p>		
<p>A political subdivision formed by one or more counties. HCRMA has a 7-member Board of Directors created by the Texas Transportation Commission and the Hidalgo County Commissioners.</p>	<p>Adopted an eight-year strategy focused on developing toll roads</p> <p>Also receives funding from a \$10 county vehicle registration fee</p>	<p>Finance, acquire, design, construct, operate, maintain, expand or extend transportation projects. Projects may be tolled or non-tolled. To date, tolling has been the primary approach taken by the RMAs.</p>

## Appendix A.2 Local Highway Revenues – Examples of Use

Local Highway Revenue Source	Overview of Use	Example of Use
<b>General fund appropriations / Property taxes / Other broadly collected taxes</b>	<ul style="list-style-type: none"> <li>General Fund appropriations are the largest single source of local funding</li> <li>Property taxes also are a primary local funding source</li> <li>Other broadly collected taxes, such as hotel or rental car taxes may also be directed to transportation.<sup>i</sup></li> </ul>	Widespread
<b>Local Option Sales Taxes</b>	<ul style="list-style-type: none"> <li>Many states authorize localities to levy local option sales taxes; many have chosen to do so for transportation</li> <li>Often require a voter referendum</li> <li>Spending authority varies. Some have option to earmark funding or use it as general revenue; other states require a specific purpose be attached to the tax (such as road improvements)</li> <li>Have been especially important in funding transit<sup>ii</sup></li> </ul>	<p><b>California:</b> Countywide transportation sales taxes take on an important role in funding transportation needs. These taxes require two-thirds voter approval and implementation of a project-specific expenditure plan<sup>iii</sup></p> <p><b>South Carolina:</b> Upon referendum approval, localities can levy a capital projects sales tax (9 counties levy for specific projects, including highway, bridge, and sidewalk projects) and a transportation authority sales tax (3 counties levy for highways, streets, and bridges)<sup>iv</sup></p>
<b>Local Income (place of residence)/ Payroll (place of employment) Taxes</b>	<ul style="list-style-type: none"> <li>Upwards of 20 states authorize local income or payroll taxes for general revenue purposes, but only a few specify the taxes for transportation, specifically for transit</li> <li>States include Indiana, Kentucky, New York, Ohio, and Oregon<sup>v</sup></li> <li>In Virginia, some counties and cities* are authorized to levy local income taxes for transportation, if approved by voters, but such taxes have not been adopted<sup>vi</sup></li> </ul> <p>*Arlington, Fairfax, Loudoun, and Prince William County and the Cities of Alexandria, Fairfax, Falls Church, Manassas, Manassas Park, Norfolk, and Virginia Beach</p>	<p><i>Examples provided are transit as none are known explicitly for roads.</i></p> <p><b>Oregon</b> administers payroll tax programs for the <b>Tri-Met Transit District (Portland)</b> and the <b>Lane Transit District (Eugene)</b>. Tax rates of approximately 2/3 of 1% are paid by nearly every employer in the two districts.<sup>vii</sup></p> <p><b>New York City for benefit of MTA</b> levies a Metropolitan Commuter Transportation Mobility Tax (MCTMT) with rates ranging from 0.11% to 0.34% based on total payroll expenses and net earnings of self-employed in the metropolitan commuter transportation district (MCTD).<sup>viii ix</sup></p>

Local Highway Revenue Source	Overview of Use	Example of Use
<b>Local Motor Fuel Taxes</b>	<ul style="list-style-type: none"> <li>• Fifteen states authorize local option motor fuel taxes</li> <li>• Widespread use in five states (Alabama, Florida, Hawaii, Illinois, and Nevada)</li> <li>• In the remaining states, only in a few counties or cities are they utilized<sup>x</sup></li> </ul>	<p><b>Florida<sup>xi</sup></b> counties are able to impose up to 12 cents:</p> <ul style="list-style-type: none"> <li>• 1 to 6 cents by simple majority of County Commission or vote of citizens</li> <li>• 1 to 5 cents by super majority of County Commission or vote of citizens</li> <li>• “Ninth cent” by super majority of County Commission or vote of citizens</li> </ul> <ul style="list-style-type: none"> <li>✓ 20 counties impose 12 cents</li> <li>✓ 2 counties impose 10 cents</li> <li>✓ 2 counties impose 9 cents</li> <li>✓ 27 counties impose 7 cents</li> <li>✓ 15 counties impose 6 cents</li> <li>✓ 1 county imposes 5 cents</li> </ul> <p>Also, State imposes 3 cents for counties and 1 cent for cities that is distributed to the localities</p>
<b>Local Motor Vehicle Registration Fees</b>	<ul style="list-style-type: none"> <li>• Localities are authorized by many states to levy local motor vehicle registration fees (typically collected by the state and returned to the locality)</li> <li>• Most are used for general revenue or directed to transportation<sup>xii</sup></li> </ul>	<p><b>Clark, Churchill, and White Pine Counties, Nevada</b>, a voter-approved Supplemental Governmental Services Tax is included among motor vehicle registration fees to help fund road construction.<sup>xiii</sup></p> <p><b>Virginia localities</b> can levy up to the State’s vehicle registration rate to support transit and transportation facilities. This fee has been widely adopted and is levied in nearly every county and city (in 87 counties out of 95; and in 33 cities out of 40).<sup>xiv</sup></p>
<b>Local Severance Taxes</b>	<ul style="list-style-type: none"> <li>• Weight-based charge on operators of natural resource extraction such as coal, timber, or stone</li> <li>• Fund road improvements in several rural regions where heavy truck operations cause disproportionate damage to roads<sup>xv</sup></li> </ul>	<p><b>Jackson County, Alabama</b> levies a severance tax of 20 cents per ton on each producer of coal. Net proceeds benefit the 'Coal Severance Tax Road Fund' for repairs, maintenance and construction of roads and bridges.<sup>xvi</sup></p>



Local Highway Revenue Source	Overview of Use	Example of Use
Tolls	<ul style="list-style-type: none"> <li>• Direct user fee charged for use of facility capacity and services</li> </ul>	Widespread
Value Capture		
Special Assessments	<ul style="list-style-type: none"> <li>• Authorized in all 50 states</li> <li>• Virtually all special assessment districts require landowner or voter approval</li> <li>• In many states, new enabling legislation has passed that allows special districts to be used to finance a broader range of facilities (can go by improvement districts, road districts, metropolitan districts, and building authorities) <ul style="list-style-type: none"> <li>○ Generally serve the same purpose as a traditional special assessment districts; may not be limited to use of assessments on property (i.e., front footage or acreage fees)<sup>xvii</sup></li> </ul> </li> </ul>	<p><b>Fairfax and Loudoun County Route 28 Transportation Improvement District.</b> A group of landowners filed with the Boards of Fairfax and Loudoun Counties a joint petition to create the District. The District was then created by resolutions of the Counties. It encompasses 14,800 acres along 14 miles of State Route 28 in both counties. A special improvements tax of \$0.20/\$100 assessed value of commercial and industrial real estate was levied to undertake the improvement of Route 28 including widening and additional interchanges.</p>
Tax Increment Financing	<ul style="list-style-type: none"> <li>• Does not increase the level of tax liability</li> <li>• Earmarks a portion of the increase in property tax revenues in the district for specific purposes, which may include transportation improvements</li> <li>• During development, tax base is frozen</li> <li>• Property taxes (and other taxes) derived from increases in assessed values (the tax increment) are dedicated to special fund for designated purposes<sup>xviii</sup></li> </ul>	<p><b>Atlanta BeltLine Tax Allocation District (TAD)</b> is expected to generate approximately \$1.7 billion of a total project cost of \$2.8 billion. The 6500-acre Atlanta BeltLine TAD was created via votes by Atlanta City Council, Atlanta Public School Board, and Fulton County Commission. The TAD covers 8% of the City's land and lies entirely within Fulton County. Most TAD properties are underutilized or abandoned industrial properties. The majority of TAD funds will be for land acquisition, multi-use trails, green space, transit / transportation, affordable workforce housing, and public school projects.<sup>xix</sup></p>



Local Highway Revenue Source	Overview of Use	Example of Use
Joint Development	<ul style="list-style-type: none"> <li>• Involves a partnership between a public entity and a private developer to develop certain assets</li> <li>• Often practiced by transit agencies able to attract private developers to adjacent land, properties and stations because of advantageous access</li> <li>• Joint development agreements also have been used to develop highway corridors and parking projects<sup>xx</sup></li> </ul>	<i>Most common in transit</i>
Development Exactions (Impact Fees)	<ul style="list-style-type: none"> <li>• Can be any requirement placed on a developer as a condition of receiving municipal approval</li> <li>• May be in the form of a fee; the dedication of public land, habitat, or right-of-way; the construction or maintenance of public facilities or infrastructure; or the provision of public services</li> <li>• Traditionally sources of funding for onsite public facilities, such as local roads, sidewalks, streetlights, and local water and sewer lines<sup>xxi</sup></li> </ul>	<p><b>Pennsylvania Municipalities Planning Code permits transportation impact fees</b> to be assessed on new development in proportion to impact on transportation (traffic the development is expected to generate during peak periods). Funds improve roadways used by development-related traffic.<sup>xxii</sup></p> <p><b>York Township</b> established two transportation service areas, each with an impact fee based on road improvement costs in the adopted Transportation Capital Improvements Plan attributable to new development including 50% of estimated costs of improvements to highways, roads, streets qualifying as a state highway or portion of rural highway system (per §102 of the State Highway Law).<sup>xxiii</sup></p>

## Appendix A.3 Examples of Transit System Funding by Governance Model

Governance Model / Transit Agency	Composition of Transit System Funding	Notable Items
<b>State Transit Agency</b>		
<p><b>Massachusetts</b> MassDOT's Rail and Transit Division includes Massachusetts Bay Transportation Authority (MBTA) and 15 Regional Transit Authorities (RTAs)</p> <p><b>MBTA</b> operates bus, subway, commuter rail, and ferry routes in the greater Boston area.</p> <p><b>Sample RTA: Worcester RTA (WRTA)</b>, a political subdivision of MassDOT, provides bus and paratransit services via contracted providers in city of Worcester and 34 surrounding communities.</p>	<p><b>MBTA's primary <u>operating budget</u> funding sources (2014 Operating Budget):</b></p> <ul style="list-style-type: none"> <li>• Dedicated statewide sales tax (43%)</li> <li>• Farebox (32%)</li> <li>• State assistance, portion contractually required (15%)</li> <li>• Dedicated local assessments (8%)</li> <li>• Non-fare operating revenues (3%) <ul style="list-style-type: none"> <li>○ Advertising</li> <li>○ Other real estate operations</li> <li>○ Parking fees</li> </ul> </li> </ul> <p>Primary <u>capital budget</u> funding sources (2014-18 Capital Investment Program):</p> <ul style="list-style-type: none"> <li>• State funding (57%)</li> <li>• FTA grants (33%)</li> <li>• MBTA Revenue Bonds (9%)</li> <li>• Homeland security funding (1%)</li> </ul> <p><b>WRTA's primary <u>operating</u> funding sources (2012 CAFR):</b></p> <ul style="list-style-type: none"> <li>• State assistance (49.5%)</li> <li>• Federal assistance (21.7%)</li> <li>• Member municipality assessments (20.8%)</li> <li>• Farebox (7.3%)</li> <li>• Advertising (0.7%)</li> </ul> <p>Primary <u>capital</u> funding sources (2012 CAFR):</p> <ul style="list-style-type: none"> <li>• Federal grants (95%)</li> <li>• State grants (5%)</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Dedicated local assessments</b> on the 175 cities and towns served by MBTA. Assessments are determined according to a weighted population formula and MBTA level of service.</li> <li>• <b>Dedicated sales tax</b> from a 1% statewide sales tax, equivalent to 16% of statewide tax receipts based on 6.25% tax rate. MBTA also is provided a minimum dollar amount guarantee of sales tax revenues by the State if receipts decline.</li> </ul>
<p><b>NJ Transit</b> is the nation's third largest provider of bus, rail and light rail transit. The agency operates a fleet of 2,027 buses, 711 trains and 45 light rail vehicles.</p>	<p><b>NJ Transit's primary <u>operating budget</u> funding sources (2014 budget):</b></p> <ul style="list-style-type: none"> <li>• Farebox (47.4%)</li> <li>• State and federal funding (43.0%)</li> <li>• Commercial revenue (advert, other) (5.8%)</li> <li>• State operating assistance (3.8%)</li> </ul> <p><b>NJ Transit's primary <u>capital budget</u> funding sources (2014 budget):</b></p> <ul style="list-style-type: none"> <li>• State funds (40.4%)</li> <li>• Federal funds (38.1%)</li> <li>• Federal FHWA flexible funds (18.5%)</li> <li>• Other (3.0%)</li> </ul>	<p>NJ Transit's farebox and commercial revenues cover over 50% of operating expenses.</p>

Governance Model / Transit Agency	Composition of Transit System Funding	Notable Items
<b>General Purpose Transit Authority/District</b>		
<b>Greater Cleveland Regional Transit Authority (GCRTA)</b> , an independent political subdivision of the State, provides virtually all mass transportation within Cuyahoga County delivering bus, paratransit, heavy rail and light rail services.	Primary <u>operating budget</u> funding sources (2013 Operating Budget): <ul style="list-style-type: none"> <li>• Sales &amp; Use Taxes (71%)</li> <li>• Passenger Fares (19.6%)</li> <li>• State and Federal grants (8.5%)</li> <li>• Advertising and concessions (0.4%)</li> </ul> Primary <u>capital budget</u> funding sources (2013 CIP): <ul style="list-style-type: none"> <li>• Federal grants (74%)</li> <li>• Cleveland general funds (24%)</li> <li>• State grants (2%)</li> <li>• Debt proceeds –occasional use</li> </ul>	<ul style="list-style-type: none"> <li>• <b>1% Sales and Use Tax</b>, within the boundaries of Cuyahoga County, approved by County voters in 1975 &amp; of unlimited duration.</li> </ul>
<b>Port Authority of Allegheny County</b> provides public transportation services throughout Pittsburgh and Allegheny County including bus, light rail, incline, and paratransit services.	Primary <u>operating budget</u> funding sources (2013 Budget): <ul style="list-style-type: none"> <li>• Farebox (29%)</li> <li>• State operating assistance (largely via Act 44 transfer of tolls from Turnpike) (50%)</li> <li>• County operating assistance (alcoholic beverage and rental vehicle tax receipts and portion of 1% County sales and use tax) (9%)</li> <li>• Federal &amp; State oper. grants (12%)</li> </ul> Primary <u>capital budget</u> funding sources (2013 Budget): <ul style="list-style-type: none"> <li>• State Act 44 funding (47%)</li> <li>• Federal grants (47%)</li> <li>• County local matching funds (6%)</li> </ul>	<ul style="list-style-type: none"> <li>• <b>\$2 rental car fee</b> enacted in County to support Port Authority transit services</li> <li>• Under Act 44 of the Pennsylvania General Assembly (2007), the <b>Pennsylvania Turnpike</b> was mandated to provide annual funding for broader Commonwealth transportation needs.</li> </ul>
<b>Special Purpose Regional Transit Authority/District</b>		
<b>Denver Regional Transportation District (RTD)</b> provides bus, light rail, and commuter rail services across eight counties in the Denver metropolitan area.	Primary <u>operating</u> budget funding sources (2013 budget): <ul style="list-style-type: none"> <li>• Sales and Use Tax (68%)</li> <li>• Farebox (17%)</li> <li>• Federal Grants (12.5%)</li> <li>• Advertising (0.5%)</li> <li>• Other (2%)</li> </ul> Primary <u>capital</u> budget funding sources (2013 budget): <ul style="list-style-type: none"> <li>• Private and local financing (45%)</li> <li>• Federal grants (39%)</li> <li>• Bonds (15%)</li> </ul>	<p><b>1% sales tax</b>, collected by State for RTD, with 0.4% dedicated to expansion program (FasTracks).</p> <p><b>Private and local financing</b>, funding from an entity other than RTD, e.g., Eagle project's public-private partnership includes private financing of some project costs.</p>

Governance Model / Transit Agency	Composition of Transit System Funding	Notable Items
<p><b>New York MTA</b>, North America's largest transportation network, serving 15.1 million people in the 5,000-square-mile metropolitan New York area. MTA operates subways, buses and commuter railroads and bridges and tunnels.</p>	<p>Primary <u>operating</u> budget funding sources (2014 Prelim budget):</p> <ul style="list-style-type: none"> <li>Farebox revenue (40%)</li> <li>Dedicated taxes (36%) <ul style="list-style-type: none"> <li>Metropolitan Mass Transportation Operating Assistance (MMTOA)</li> <li>Petroleum business tax receipts</li> <li>Mortgage recording tax</li> <li>Urban Tax</li> <li>Metropolitan Commuter Transportation Mobility Tax</li> </ul> </li> <li>Toll revenue (12%)</li> <li>State &amp; Local subsidies (7%)</li> <li>Other (5%)</li> </ul> <p>Primary <u>capital budget</u> funding sources (2010-14 capital plan amendment):</p> <ul style="list-style-type: none"> <li>Bonds (39%)</li> <li>Federal grants (25%)</li> <li>Super Storm Sandy insurance and federal reimbursement (27%)</li> <li>City funds (2%)</li> <li>State funds (2%)</li> <li>Other (5%)</li> </ul>	<p><b>Portion of statewide taxes/fees:</b> petroleum business privilege tax; gas/diesel tax (\$0.04/\$0.08/gal), motor vehicle registration &amp; driver license fees</p> <p><b>Metropolitan Commuter Transportation Mobility Tax:</b> Btw 0.11% &amp; 0.34% on payroll expenses in MCTD*</p> <p><b>MTA aid taxes:</b> 5% on car rentals; \$0.50 per ride originating in City; \$50 auto registration fee, \$1 learner's permit fee</p> <p><b>Mortgage Recording Taxes:</b> 0.30% recording tax &amp; 0.25% institutional lender tax in MCTD*</p> <p><b>Commercial Real Estate Transaction Taxes:</b> In City, 5/8 of 1% mortgage recording tax &amp; 1% real estate transfer tax (commercial prop. over \$500k)</p> <p>*Metropolitan commuter transportation district: Counties of New York (Manhattan), Bronx, Kings (Brooklyn), Queens, Richmond (Staten Island), Rockland, Nassau, Suffolk, Orange, Putnam, Dutchess, and Westchester.</p>

### Joint Exercise of Powers or Joint Powers Authority

<p><b>Virginia Railway Express (VRE)</b>, a partnership of two Virginia political subdivisions (Northern Virginia Transportation Commission &amp; Potomac and Rappahannock Transportation Commission), provides commuter rail service from Northern Virginia to Alexandria, Crystal City, &amp; Washington, DC, via 32 trains &amp; 18 stations</p>	<p>Primary <u>operating and capital budget</u> funding sources include (2012 CAFR):</p> <ul style="list-style-type: none"> <li>Passenger revenue (38%)</li> <li>Federal grants (29%) (largely for capital)</li> <li>Virginia grants (16%) (roughly even split between capital and operating)</li> <li>Jurisdiction contributions (17%)* (operating)</li> <li>Equipment rentals (0.3%)</li> </ul> <p>*Prince William County, Fairfax County, Stafford County, Manassas, Spotsylvania County, Manassas Park, Fredericksburg, Arlington County, Alexandria</p>	<p>A significant portion of VRE's funding is from <b>jurisdictional contributions</b> apportioned through a formula based on ridership, supplemented by voluntary donations from <u>contributing</u> jurisdictions (Arlington County and the City of Alexandria).</p>
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Governance Model / Transit Agency	Composition of Transit System Funding	Notable Items
<b>Trinity Railway Express (TRE)</b> provides commuter rail service between Fort Worth and Dallas. The Fort Worth Transportation Authority (The T) and Dallas Area Rapid Transit (DART) cooperatively own and operate TRE.	Primary operating and capital funding sources include: <ul style="list-style-type: none"> <li>• Freight railroad operating agreement fees</li> <li>• Right of way lease revenues</li> <li>• Remaining costs are split by The T and DART via agreement. Both The T and DART are primarily funded via a combination of: <ul style="list-style-type: none"> <li>○ Dedicated sales tax revenues</li> <li>○ Federal and state assistance</li> </ul> </li> </ul>	<b>Track use agreements with four freight railroads</b> under which the railroads operate on the TRE corridor for a fee. The revenues offset O&M costs.
<b>Municipal Transit Agency</b>		
<b>Charlotte Area Transit System (CATS)</b> , a department within the City of Charlotte, operates bus, light rail and paratransit services.	Primary <u>operating</u> budget funding sources include (2013 budget): <ul style="list-style-type: none"> <li>• Sales Tax (49%)</li> <li>• Passenger fares (24%)</li> <li>• Local operating assistance (15%) <ul style="list-style-type: none"> <li>○ City of Charlotte (99%)</li> <li>○ Mecklenburg County (0.9%)</li> <li>○ Huntersville (0.1%)</li> </ul> </li> <li>• State operating assistance (11%)</li> <li>• Advertising (1.3%)</li> <li>• Other (0.7%)</li> </ul> Primary <u>capital</u> budget funding sources include (2013 budget): <ul style="list-style-type: none"> <li>• Federal grants (67%)</li> <li>• State grants (21%)</li> <li>• Contribution from operating (7%)</li> <li>• Other (5%)</li> </ul>	<ul style="list-style-type: none"> <li>• Operated as an <b>enterprise fund of the City</b></li> <li>• North Carolina General Assembly passed legislation in 1998 to allow citizens of Mecklenburg County to enact a <b>local sales tax</b> dedicated to public transit; sales tax was reaffirmed in 2007</li> <li>• Legislation <b>requires local operating assistance</b> be maintained</li> </ul>
<b>Arlington Transit (ART)</b> operates bus services within Arlington County, VA, supplementing Metrobus with cross-County routes and neighborhood connections to Metrorail.	Primarily funded out of County general funds. Some capital funded via commercial real estate tax	In 2008, County Board adopted a <b>commercial real estate tax rate of \$0.125 per \$100 of assessed value of commercial and industrial real property</b> . Expected to generate \$24M in 2013, serves as a funding source for County's investments in transportation infrastructure (not just transit).

## Appendix A.4 Transportation Revenue Initiatives from 2011 through 2013

State	Revenue Initiative (local and transit components in bold)
<b>Alabama (2011)</b>	<ul style="list-style-type: none"> <li>• Changes point of taxation from wholesaler to withdrawal from the terminal</li> <li>• Establishes new license fees for gasoline and motor fuel businesses, to be deposited in the Public Road and Bridge Fund</li> </ul>
<b>Arkansas (2011)</b>	<ul style="list-style-type: none"> <li>• Removes limitations on amount of highway revenues transferred to the County Aid Fund counties (or Municipal Aid Fund political subdivisions) may use for public transportation projects</li> </ul>
<b>(2012)</b>	<ul style="list-style-type: none"> <li>• Raises sales tax by 0.5% for 10 years, for state, county and city surface transportation projects</li> <li>• Dedicates 1 cent per gallon of existing motor fuel and diesel taxes to State Aid Street Fund</li> </ul>
<b>California (2012)</b>	<ul style="list-style-type: none"> <li>• Authorizes Los Angeles County Metropolitan Transportation Authority to extend or eliminate the 30-year sunset on the 0.5 transactions and use tax</li> </ul>
<b>Colorado (2013)</b>	<ul style="list-style-type: none"> <li>• Allows municipalities and counties to spend the portion of revenues that they receive from the highway users tax fund on transit projects, designated bicycle or pedestrian lanes. Caps amount can spend on transit-related operational expenses to 15% of all highway users tax fund money they spend</li> </ul>
<b>Connecticut (2011)</b>	<ul style="list-style-type: none"> <li>• Increases base tax on diesel fuel from 26 cents to 29 cents per gallon</li> <li>• Imposes a 3-cent-per gallon inventory tax on diesel for licensed sellers</li> <li>• Raises various license fees, truck weight fees and registration fees</li> <li>• Adjusts sales taxes on vehicle sales and rentals</li> <li>• Raises fine for failing to change out-of-state registration, proceeds from which are allocated to the municipalities in which the violations occurred</li> </ul>
<b>District of Columbia (2013)</b>	<ul style="list-style-type: none"> <li>• Repeals cents-per-gallon tax on motor vehicle fuels and replaces it with a tax that is 8.3% of statewide average wholesale price of a gallon of motor vehicle fuel</li> <li>• Increases allocation of parking meter revenue to transit purposes</li> </ul>
<b>Florida (2012)</b>	<ul style="list-style-type: none"> <li>• Redirects a portion of title fees from General Revenue Fund to State Transportation Trust Fund, resulting in \$200 million of new revenue for transportation with certain revenues allocated to Small County Outreach Program</li> <li>• Creates Intermodal Logistics Center Infrastructure Support Program for eligible local or private projects</li> </ul>
<b>Hawaii (2011)</b>	<ul style="list-style-type: none"> <li>• Raises vehicle registration fees from \$25 to \$45 (\$40 to state highway fund and \$5 to emergency medical services special fund)</li> </ul>
<b>Indiana (2013)</b>	<ul style="list-style-type: none"> <li>• Allows a county or city council to provide revenue to public transportation corporation from city's or county's distributive share of county adjusted taxes</li> </ul>
<b>Massachusetts (2013)</b>	<ul style="list-style-type: none"> <li>• Approves issuance of state bonds for \$300 million to be appropriated to cities and towns for local roads</li> <li>• Increases gas tax by 3 cents (from \$0.21 to \$0.24 per gallon) and indexes it to inflation starting in 2015</li> <li>• Dedicates all sales tax revenue from motor vehicle sales to transportation</li> <li>• Allocates revenue from other fees and taxes to the Commonwealth Transportation Fund, including an indexed fee for use of petroleum dispensing facilities and certain general fund transfers through 2020</li> </ul>

<b>State</b>	<b>Revenue Initiative (local and transit components in bold)</b>
<b>Minnesota (2013)</b>	<ul style="list-style-type: none"> <li>• Authorizes Olmsted County to impose, by resolution, up to a 0.25% general sales tax and/or up to a \$10 per vehicle wheelage tax to pay a portion of transit infrastructure costs related to a Medical Center development plan, excess revenues may be used to fund other transportation and transit projects</li> </ul>
<b>Nebraska (2011)</b>	<ul style="list-style-type: none"> <li>• Build Nebraska Act creates State Highway Capital Improvement Fund. Earmarks 0.25% of existing sales tax, beginning in 2013, to fund roads and bridges</li> </ul>
<b>New Jersey (2011)</b>	<ul style="list-style-type: none"> <li>• Authorizes NJDOT to procure revenue-generating sponsors for, and permit sponsorship and advertising on, safety or emergency service patrol vehicles and equipment. Revenues to offset costs of safety or emergency service patrols</li> </ul>
<b>(2013)</b>	<ul style="list-style-type: none"> <li>• Allows NJDOT, State Turnpike Authority, and South Jersey Transportation Authority to enter into sponsorship agreements with private entities to exchange monetary compensation and accept products or services from the private entity to be used for the maintenance and upkeep of a rest area or service area in return for acknowledgement advertising signs to promote commercial products and highway related services</li> </ul>
<b>Nevada (2011)</b>	<ul style="list-style-type: none"> <li>• Requires the Regional Transportation Commission of Southern Nevada to establish a demonstration project for a toll road in connection with the Boulder City Bypass Project</li> </ul>
<b>North Carolina (2013)</b>	<ul style="list-style-type: none"> <li>• Establishes an additional \$100 fee for plug-in electric vehicles and an additional \$50 fee for certain hybrid vehicles at the time of initial registration or renewal</li> </ul>
<b>Oklahoma (2011)</b>	<ul style="list-style-type: none"> <li>• Levies a tax for compressed natural gas at \$0.13 per gasoline gallons equivalent and further imposes a tax of \$0.05 per gasoline gallons equivalent for period of time sufficient to allow development of compressed natural gas distribution systems</li> <li>• Apportions the proceeds in the same way as the existing motor fuel tax (mostly to the State Transportation Fund, the High Priority State Bridge Revolving Fund, and cities, counties and towns)</li> </ul>
<b>2012</b>	<ul style="list-style-type: none"> <li>• Increases in three increments the percentage of those fees collected under the Oklahoma Vehicle License and Registration Act allocated to the County Improvements for Roads and Bridges Fund, reaching 20% for FY2015 and all subsequent years</li> </ul>
<b>Oregon (2013)</b>	<ul style="list-style-type: none"> <li>• Allows registered owner of an eligible vehicle to apply to the DOT to pay a per-mile road usage charge of 1.5 cents per mile. Caps the number of vehicles participating in the program at 5,000</li> <li>• Allocates revenue collected from road usage charges to the DOT (50 percent), counties (30 percent) and cities (20 percent), via the State Highway Fund</li> </ul>
<b>Pennsylvania (2011)</b>	<ul style="list-style-type: none"> <li>• Extends reduction of the minimum profit for the state lottery from 30% to 27%, providing additional \$86.3 million for senior transit</li> </ul>
<b>Rhode Island (2011)</b>	<ul style="list-style-type: none"> <li>• Creates Rhode Island highway maintenance trust fund. Imposes additional vehicle registration surcharges and driver's license fees to support fund. Directs fund be used for state match for federal transportation funds, in place of borrowing.</li> </ul>
<b>South Dakota (2011)</b>	<ul style="list-style-type: none"> <li>• Raises vehicle registration fees in two stages: from \$42 to \$51 per year in 2011, then to \$60 in 2013. Also raises registration fees for motor homes, travel trailers and motorcycles</li> </ul>
<b>Utah (2011)</b>	<ul style="list-style-type: none"> <li>• Amends the definition of clean fuel to include liquefied natural gas (LNG). Imposes</li> </ul>



State	Revenue Initiative (local and transit components in bold)
	<ul style="list-style-type: none"> <li>a fuel tax on LNG of 8.5 cents per gasoline gallon equivalent for on-highway use</li> <li>• Shifts 30% of the growth in sales tax revenue (based on FY 2011) from the General Fund to the Centennial Highway Fund or the Transportation Investment Fund</li> </ul>
<b>Vermont (2013)</b>	<ul style="list-style-type: none"> <li>• Imposes 4% tax on average retail price of gasoline, phased in over two years</li> <li>• Decreases cents-per-gallon excise tax on gasoline by total 6.9 cents over two years</li> <li>• Raises tax on diesel by 3 cents per gallon, phased in over two years</li> <li>• Allows the secretary of transportation to relinquish to municipal control certain segments of state highways</li> </ul>
<b>Virginia (2011)</b>	<ul style="list-style-type: none"> <li>• Creates the Virginia Transportation Infrastructure Bank to fund transportation projects. Up to 20% of funds in the bank may be used to make grants or interest rate subsidies to localities for transportation projects, and the remainder is to be used to make loans to private or public entities for transportation projects.</li> </ul>
<b>(2012)</b>	<ul style="list-style-type: none"> <li>• Increases transportation's share of year-end general fund surpluses to 67%</li> <li>• Allows private entities to have naming rights for highways, bridges, interchanges and other state highway facilities for an annual naming rights fee deposited into the Highway Maintenance and Operating Fund</li> <li>• Imposes an annual \$50 license tax on electric motor vehicles</li> <li>• Allows a city, county or town to use up to \$5 million per year of "revenue-sharing" funds for highway maintenance projects</li> </ul>
<b>(2013)</b>	<ul style="list-style-type: none"> <li>• Replaces the 17.5 cents-per-gallon tax on motor fuels with a percentage-of-wholesale-price tax on gas and diesel</li> <li>• Imposes \$64 annual registration fee on hybrid, alternative fuel and electric vehicles</li> <li>• Raises the state sales and use tax from 4.0 to 4.3% and designates the revenues for highways, rail and transit</li> <li>• Increases the share of existing sales and use tax revenues used for transportation from 0.5% to 0.675%, phased in over four years</li> <li>• Generates additional revenues in qualifying regions through additional state sales taxes</li> <li>• Assesses regional congestion relief fees on conveyances of real estate in Northern Virginia at rate of \$0.15 per \$100</li> <li>• Raises vehicle titling taxes</li> <li>• Dedicates funds to the Dulles Metrorail Extension Project and the Route 58 Corridor Development Fund</li> </ul>
<b>Washington (2011)</b>	<ul style="list-style-type: none"> <li>• Authorizes the imposition of tolls for, and the construction and operation of, express toll lanes on the I-405 and SR 167 corridor. Requires the setting of tolls which can vary by time of day, level of congestion, other features</li> </ul>
<b>(2012)</b>	<ul style="list-style-type: none"> <li>• Increases title application fees and various other fees and penalties</li> <li>• Imposes \$100 annual vehicle registration fee on electric vehicles (expires if/when General Assembly imposes a VMT fee)</li> <li>• Creates public transportation grant program to aid transit authorities with operations (expires 2015)</li> </ul>
<b>Wyoming (2013)</b>	<ul style="list-style-type: none"> <li>• Increases the fuel tax per gallon on all gasoline used, sold or distributed for sale or use in WY, includes fuel used in motorboats</li> </ul>



## Appendix A.5 Additional Revenue Yield from Imposing Maximum County Income Tax Rate

### Additional Revenue Yield from Imposing Maximum County Income Tax Rate Fiscal 2013 – Projected Revenues

County	Population	County Income Tax Revenues	County Income Tax Rate	Potential Rate Increase	Additional Revenue Yield	Per Capita Amount
Allegany	74,692	\$23,820,000	3.05%	0.15%	\$1,171,500	\$15.68
Anne Arundel	544,403	389,400,000	2.56%	0.64%	97,350,000	178.82
Baltimore City	619,493	253,183,270	3.20%	0.00%	0	0.00
Baltimore	809,941	561,371,932	2.83%	0.37%	73,394,900	90.62
Calvert	89,256	64,800,000	2.80%	0.40%	9,257,100	103.71
Caroline	32,985	10,600,000	2.63%	0.57%	2,297,300	69.65
Carroll	167,288	126,460,000	3.05%	0.15%	6,219,300	37.18
Cecil	101,694	48,644,519	2.80%	0.40%	6,949,200	68.33
Charles	149,130	98,113,000	2.90%	0.30%	10,149,600	68.06
Dorchester	32,640	9,227,702	2.62%	0.58%	2,042,800	62.59
Frederick	236,745	171,226,300	2.96%	0.24%	13,883,200	58.64
Garrett	30,051	10,100,000	2.65%	0.55%	2,096,200	69.75
Harford	246,489	175,068,772	3.06%	0.14%	8,009,700	32.50
Howard	293,142	339,929,120	3.20%	0.00%	0	0.00
Kent	20,204	9,045,000	2.85%	0.35%	1,110,800	54.98
Montgomery	989,794	1,242,879,546	3.20%	0.00%	0	0.00
Prince George's	871,233	470,515,400	3.20%	0.00%	0	0.00
Queen Anne's	48,354	32,428,656	3.20%	0.00%	0	0.00
St. Mary's	107,484	76,000,000	3.00%	0.20%	5,066,700	47.14
Somerset	26,339	6,069,000	3.15%	0.05%	96,300	3.66
Talbot	38,025	21,635,000	2.40%	0.80%	7,211,700	189.66
Washington	148,203	62,476,000	2.80%	0.40%	8,925,100	60.22
Wicomico	99,190	40,472,224	3.20%	0.00%	0	0.00
Worcester	51,514	11,200,000	1.25%	1.95%	17,472,000	339.17
<b>Total</b>	<b>5,828,289</b>	<b>\$4,254,665,441</b>			<b>\$272,703,400</b>	<b>\$46.79</b>

Source: Department of Legislative Services

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- <sup>i</sup> AASHTO, Center for Excellence in Project Finance.
- <sup>ii</sup> AASHTO, Center for Excellence in Project Finance.
- <sup>iii</sup> AASHTO, Center for Excellence in Project Finance.
- <sup>iv</sup> North Carolina I-95 Economic Assessment Study. Task 7: Funding Options Analysis. Cambridge Systematics. Draft May 2013.
- <sup>v</sup> AASHTO, Center for Excellence in Project Finance. North Carolina I-95 Economic Assessment Study. Task 7: Funding Options Analysis. Cambridge Systematics. Draft May 2013.
- <sup>vi</sup> North Carolina I-95 Economic Assessment Study. Task 7: Funding Options Analysis. Cambridge Systematics. Draft May 2013.
- <sup>vii</sup> AASHTO, Center for Excellence in Project Finance.
- <sup>viii</sup> New York State Department of Taxation and Finance. <http://www.tax.ny.gov/bus/mctmt/emp.htm>
- <sup>ix</sup> MCTD includes the counties of New York (Manhattan), Bronx, Kings (Brooklyn), Queens, Richmond (Staten Island), Rockland, Nassau, Suffolk, Orange, Putnam, Dutchess, and Westchester.
- <sup>x</sup> AASHTO, Center for Excellence in Project Finance.
- <sup>xi</sup> FDOT, Office of Comptroller, General Accounting Office, Revenue Management Section. Transportation Funding Sources Presentation. March 2013.
- <sup>xii</sup> AASHTO, Center for Excellence in Project Finance.
- <sup>xiii</sup> AASHTO, Center for Excellence in Project Finance.
- <sup>xiv</sup> Virginia Local Tax Rates 2011. Weldon Cooper Center for Public Service.
- <sup>xv</sup> AASHTO, Center for Excellence in Project Finance.
- <sup>xvi</sup> AASHTO, Center for Excellence in Project Finance.
- <sup>xvii</sup> AASHTO, Center for Excellence in Project Finance.
- <sup>xviii</sup> AASHTO, Center for Excellence in Project Finance.
- <sup>xix</sup> <http://beltline.org/>
- <sup>xx</sup> AASHTO, Center for Excellence in Project Finance.
- <sup>xxi</sup> AASHTO, Center for Excellence in Project Finance.
- <sup>xxii</sup> PennDOT, Transportation Impact Fees A Handbook for Pennsylvania's Municipalities. March 2009.
- <sup>xxiii</sup> York Township Transportation Impact Fee Ordinance Chapter 232. TRANSPORTATION IMPACT FEE, Adopted by the Board of Commissioners of the Township of York 12-10-2002 by Ord. No. 2002-18. Amendments noted where applicable.